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REPORT

TO THE

SENATE COMMITTEE ON THE BUDGET

PURSUANT TO

SECTION 301(c) OF THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

FROM THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

FEBRUARY 25th REPORT

FEBRUARY 1987

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LETTER OF TRANSMITTAL

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC, February 25, 1987.

Hon. LAWTON CHILES,
Chairman, Committee on the Budget,
U.S. Senate, Washington, DC.

Hon. PETE V. DOMENICI,
Ranking Member, Committee on the Budget,
U.S. Senate, Washington, DC.

DEAR LAWTON AND PETE: On behalf of the Committee on Environment and Public Works, we transmit our report to the Committee on the Budget as required by section 301(d) of the Congressional Budget Act of 1974.

The Committee has conducted hearings on four of the agency budget proposals within its jurisdiction. The remaining agencies have submitted written statements and responded in writing to specific questions regarding their budget proposals.

The Committee is recommending substantial savings in the Federal Highway program and increases to support the major new initiatives mandated to the Corps of Engineers and the Environmental Protection Agency in the past year.

We are including in addition to the Committee report, recommendations by Senators Stafford, Chafee, Simpson and Durenberger for funding levels that are at variance with certain recommendations in the Committee report.

We appreciate your consideration of the recommendations made by the Committee.

Sincerely,

QUENTIN N. BURDICK,
Chairman.

ROBERT T. STAFFORD,
Ranking Minority Member.

SUMMARY TABLE OF BUDGET AUTHORITY

Agency	Fiscal year 1987 appropriations	Fiscal year 1988 President's request	Fiscal year 1988 current services	Environment and Public Works Committee recommendation	+/— current services	+/— fiscal year 1987 appropriations
Direct spending						
Federal Highway Administration [1]	13,000.0	12,800.0	13,475.0	12,350.0	(1,125.0)	(650.0)
Federal Highway Administration [2]	922.0	600.0	956.0	800.0	(156.0)	(122.0)
Appropriated						
Environmental Protection Agency:						
Operating budget	1,493.8	1,489.4	1,594.2	[3] 1,650.0	55.8	156.2
Construction grants	2,400.0	2,000.0	2,525.0	2,400.0	(125.0)	0
Superfund	1,411.3	1,200.0	1,488.0	1,700.0	212.0	288.7
Leaking underground storage tanks	50.0	0	53.0	100.0	47.0	50.0
Nuclear Regulatory Commission	401.0	427.8	427.0	427.8	.8	26.8
Fish and Wildlife Service	353.9	291.5	379.0	379.0	0	25.1
Council on Environmental Quality	.8	.9	1.0	.9	(.1)	.1
Corps of Engineers	3,117.0	3,521.0	3,535.0	3,596.0	61.0	479.0
Disaster relief	120.0	125.0	258.0	125.0	(133.0)	5.0
Kennedy Center	4.7	4.9	5.0	4.9	(.1)	.2
Tennessee Valley Authority	100.0	72.8	106.0	106.0	0	6.0
Total	23,374.5	22,533.3	24,802.2	23,639.6	(1,162.6)	265.1

[1] Obligation ceiling.
[2] Outside obligation ceiling.
[3] Pending additional information on costs associated with Public Law 100–4 and other programs.

Economic Development Administration—No specific dollar recommendation.
Appalachian Regional Commission—No specific dollar recommendation.

Note: General Services Administration—President's request includes $2.9 billion in outlays for public buildings.

General Overview

Section 301 (d) of the Congressional Budget Act of 1974 as amended requires Committees to report to the Budget Committee by February 25 with spending recommendations for programs within their jurisdiction for the coming fiscal year. Accordingly, this report presents the fiscal year 1988 recommendations developed by the Environment and Public Works Committee.

The Committee has carefully reviewed the proposed budgets for agencies within its jurisdiction. Public hearings were held on proposals for the Environmental Protection Agency, Fish and Wildlife Service, Nuclear Regulatory Commission and Tennessee Valley Authority.

The effort to develop recommendations this year was particularly difficult within the time frame of the amended Budget Act. Agencies were unable to furnish detailed budget explanations to the Committee until January 28, 1987, allowing less than one month to conduct oversight activities. In that context, we provide these recommendations with the understanding that they are estimates and subject to change as the Committee proceeds to collect and evaluate further information.

The attached recommendations reflect the Committee's objective to balance the needs of programs within its jurisdiction with the mandate to hold the line on deficit

spending. A guiding principle in developing these recommendations was to fully support newly enacted programs. The past legislative year has been particularly active for the Committee. Major initiatives were enacted that have been developed over a period of years. In most cases they were almost unanimously adopted by the Congress. In recognition of that fact, the Committee is proposing some increases in existing programs to support new initiatives. These increases are to a large extent offset by proposed savings in the Federal Aid Highways program. These savings are reflected in S. 387, the pending reauthorization of the highway program, currently being considered in the Conference Committee.

The Committee also notes that some of its programs are entirely or partially self-financed. This is certainly the case with the highway program, the Corps of Engineers, Superfund, and the new Leaking Underground Storage Tank program. The revenues collected into accounts established under these programs are dedicated funds that are counted against deficit spending.

The Committee recognizes that oversight and possibly reform of some existing programs in its jurisdiction is necessary and overdue. The Committee anticipates reviewing the program objectives of the Appalachian Regional Commission and the Economic Development Administration. Because the issues involved in this review go beyond the scope of budget, the Committee is

not making a specific funding recommendation for either program at this time.

In the course of the Committee's budget review valuable suggestions have been put forth to attain further savings from programs within its jurisdiction. These suggestions will receive further scrutiny. Given the array of concerns generated by these proposals, it would be premature to include them as budget recommendations. The Committee will continue to explore options for additional program reforms and revenue sources.

FEDERAL HIGHWAY ADMINISTRATION

The Federal-aid highway program is a federally assisted, State-administered program that operates through the distribution of Federal funds to the States to construct and improve urban and rural highway systems. The program is administered by the Federal Highway Administration (FHWA), an agency of the U.S. Department of Transportation.

The Committee's fiscal year 1988 recommendation for the Federal-aid highway program is based on reauthorization legislation that passed the Senate by a 96-2 vote on February 4, 1987. The Senate passed similar legislation last year, but no agreement was reached in conference with the House before the 99th Congress adjourned. States should have received their highway apportionments on October 1, 1986, but without new highway authorizations, the Department of Transportation has been unable to release funds.

The Federal-Aid Highway Act of 1987 reauthorizes the highway program for fiscal years 1987, 1988, 1989, and 1990 at a $13.2 billion level in spending authority per year. Amounts for the

Federal-aid highway program reflect all spending from the Highway Trust Fund including amounts outside the obligation limitation.

The Federal-aid highway program is funded entirely with highway user fees and is a program that pays for itself. The user fees accrue to the Highway Account of the Highway Trust Fund and can only be spent for highway purposes. At the end of fiscal year 1986, there was a balance of $9.5 billion in the Highway Account. The Treasury Department estimates that receipts into the Highway Account will total approximately $12.5 billion in fiscal year 1987. By 1990, this amount will increase to an estimated level of $13.5 billion.

The Administration has transmitted a bill to Congress to reauthorize the highway program for four years. The proposed legislation reflects the funding levels in the President's budget with an authorization level of $13.4 billion annually for fiscal years 1987 through 1990. Under the Administration bill, an obligation limitation of $12.8 billion is proposed for fiscal year 1988. Approximately $600 million in spending for the minimum apportionment and emergency relief programs is outside the ceiling. It is estimated that the FHWA outlays will approximate $12.9 billion in fiscal year 1988 compared to actual outlays of $14.2 billion in fiscal year 1986 and estimated

outlays of $12.7 billion in fiscal year 1987, dependent upon the date of enactment of amendments.

The Senate bill establishes an obligation limitation of $12.35 billion annually for fiscal years 1987 through 1990. Funds for the emergency relief and minimum allocation programs are not subject to the obligation limitation; together, funding for those programs is estimated at $800 million per year.

An obligation limitation is imposed for the Federal-aid highway program; this prescribes the amount of funds that can be obligated each fiscal year. Most Federal programs are subject to an annual review in the appropriations process. Highway projects have a multi-year planning, design, and construction horizon that makes an annual appropriation impractical. Unlike other Federal programs, highway programs are approved and funds are made available for a two year period of time or longer as contract authority from the Highway Trust Fund and therefore are not subject to the appropriation process. The obligation limitation is imposed to make the highway program responsive to fluctuating fiscal situations and prevailing economic policy. The limitation does not reduce the total authorization of funds nor does it specify which projects receive funds. The limitation has the effect of controlling the outlays in a specific year, thereby controlling the cash outflow from the Highway Trust Fund.

The Federal-Aid Highway Act of 1987 recognizes that there is a strong need to address the Federal deficit. The focus must be on outlays because they represent actual spending. Since the Federal Government operates under a unified budget, the outlays from all sources, including the Highway Trust Fund, are compared to income from all sources to determine the Government's fiscal balance. Therefore, a change in spending from the Trust Fund, even though modest in scale, changes the size of the deficit. It is appropriate that every Federal expenditure be reviewed.

The Senate bill provides $52.3 billion in new authorizations for the highway program from the Highway Account of the Highway Trust Fund over the next four years. In that time, States will be able to obligate the total amount authorized. It is important that new authorizations not exceed the amount States are permitted to obligate each fiscal year. In recent years, authorizations have surpassed States' obligation limitation with the result that States have approximately $6 billion in apportionments from previous years that they are not allowed to spend.

The Federal-Aid Highway Act of 1987 emphasizes both completion of the Interstate System by 1990 and program flexibility. The bill furnishes the necessary long term funding for the Federal-aid highway program and will permit the States to

do the ongoing planning that is essential for effective and beneficial highway projects. The Committee believes that the highway program should be funded at a level that uses the balance in the Highway Account and anticipated revenue receipts. Further, the Committee believes that, at a minimum, spending levels for the highway program should be maintained at the levels authorized in The Federal-Aid Highway Act of 1987.

ENVIRONMENTAL PROTECTION AGENCY

Summary

The Committee is recommending an operating budget of $1.650 billion for the Environmental Protection Agency, equivalent to the level of funding the Agency requested for FY88 from the Office of Management and Budget. This recommendation is subject to revision once the Agency provides information on the costs of implementing P.L. 100-4, the Clean Water Act amendments. The Committee expects this cost estimate to be available at the end of March.

The recommendation for Superfund is $1.7 billion and $100 million for Leaking Underground Storage Tanks, consistent with authorized levels in P.L.99-499 the Superfund Amendments and Reauthorization Act (SARA). $2.4 billion is recommended for the Clean Water Act Construction Grants program, the level authorized in P.L. 100-4.

Operating Budget

The Environmental Protection Agency is responsible for administering and implementing the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, the Resource Conservation and Recovery Act, Superfund, the Marine Protection, Research and Sanctuaries Act and the Toxic Substances Control Act. In the

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past year, major amendments have been enacted to three of these acts, substantially increasing the Agency's responsibilities.

The President's request for EPA's operating budget is $1.489 billion, a slight decrease compared to the FY87 appropriated level of $1.494 billion. The Committee is recommending $1.650 billion, the level requested from the Office of Management and Budget. This is an increase of $161 above the Administration request and $156 above the current appropriation. The Committee recommends that this additional funding be allocated in part to priority projects which are discussed further in this report.

Water Quality

On February 4, the Water Quality Act of 1987 became public law. This Act mandates major new initiatives including programs to address nonpoint source pollution, stormwater runoff, and toxics. Neither the President's budget nor the EPA budget request to the President include funding for implementation. The Committee proposes that additional funds be provided for the non-construction grant provisions. A recommendation will be developed for the level and allocation of additional funds upon receipt of information the Agency has promised to provide to the Committee. The Committee will provide this recommendation to the Budget Committee as soon as possible. The Committee also recommends continued funding for the Clean Lakes program.

Asbestos in Schools

The Administration has proposed rescission of $47.5 million in FY87 funds for the Asbestos School Hazard Abatement Act (ASHAA) loan and grants program. The Committee opposes this rescission proposal. Each year since the ASHAA was enacted, the Administration has refused to ask for funding. Congress has consistently shown its support for this important program by appropriating funds for the grants and loans. These funds are awarded to schools with the greatest health hazard and financial need.

Last year, Congress passed the Asbestos Hazard Emergency Response Act (AHERA) because of the continuing concern that school children and employees should not be exposed to dangerous levels of asbestos. This new legislation required schools to do additional inspections and prepare management plans for crumbling asbestos. As more schools discover problems, the need for financial assistance in correcting asbestos hazards will increase. Congress should not abandon responsibility for helping the poorest school districts to protect the health of children, teachers and other workers.

Research and Development

The Committee remains concerned about the erosion of resources and support for the Research and Development program. The Administration request for FY88 represents a 24% reduction compared to actual spending in FY81 and is a 6% reduction

compared to the FY87 appropriated level. This reflects serious problems in EPA's planning and management of research programs generally and long term, exploratory efforts particularly. The Agency is developing a new planning policy for long term research to be completed in May. The Committee intends to study this policy as well as other options to provide stability to the EPA research program.

Radon Research and Development

The Committee is strongly opposed to the proposed transfer of most radon gas research to the Department of Energy. The Administration proposes a 50% reduction in EPA funding for this activity in FY88. EPA, rather than another Federal agency, should be in charge of radon research and related programs. This policy is established in Title IV of the Superfund Amendments and Reauthorization Act. The Committee recommends that funding proposed for radon research at the Department of Energy in FY88 be transferred to EPA. This funding should be used by the Agency for research and abatement activities related to radon and for assistance to State radon programs.

Research and Development Lab

The President's budget proposes rescinding $500,000 appropriated for a joint research effort between EPA and a consortium of New Jersey universities. The appropriation measure designated these funds for renovation (including architectural and engineering services for such renovation) of existing

buildings adjacent to EPA facilities in Edison, New Jersey for research and development activities. EPA and the consortium of universities, consisting of the New Jersey Institute of Technology, Princeton, Rutgers, Stevens Institute of Technology, and the University of Medicine and Dentistry of New Jersey, will conduct the research. These universities currently operate the National Science Foundation Industry/University Cooperative Center for Research in Hazardous and Toxic Substances. The joint venture will include research and development of hazardous waste treatment technologies. As the Administrator of EPA noted before the Committee, such research should have broad applications to a variety of environmental programs. Location of this facility in New Jersey is particularly appropriate, given the State's academic resources, high level of petrochemical related industrial manufacturing and research activity, and number of Superfund sites (the most of any State in the nation).

The Committee recommends the disapproval of the proposed rescission, as well as continued support for this endeavor in succeeding years.

Greenhouse Effect and Ozone Depletion

The Committee recommends that not less than $5 million of funds above the Administration request be allocated to the work on the greenhouse effect and ozone depletion. Approximately $3 million, in addition to FY87 appropriated levels, should be allocated to complete studies undertaken by the Agency at the

request of the Congress. An additional $2 million is to be used for other initiatives.

While no sums are specifically recommended for the purchase and operation of "supercomputers", the Committee has requested a report on the feasibility of dedicating one of these advanced systems exclusively to analysis of ozone depletion and climate change data and modelling. This report is to be submitted by the Agency not later than March 15, 1987, which will allow adequate time for the development and submission of revised recommendations by the Committee.

Health Effects of Ozone

The Committee recommends approximately $2.5 million, or more if needed, be allocated to a long-term study of the health effects of tropospheric ozone. At least two studies, both reported in peer reviewed journals, have suggested that this ubiquitous pollutant may be carcinogenic or oncogenic. In view of estimates that as many as 100 million Americans, many of them children, are exposed to unhealthful levels of ozone (often referred to as "smog"), it is prudent to clarify the effects of long-term, low-level exposures to this pollutant.

In responding to questions submitted by Committee members, the Administrator stated that the Environmental Protection Agency had no plans to either replicate the studies mentioned above or

undertake longer term research. It was suggested, however, that the Health Effects Institute might undertake such studies.

The existence of the Institute does not lessen the obligation of the government to itself assure that the public is fully informed as to health effects of pollutants. The Environmental Protection Agency should consider conducting these long term studies through the National Toxicology Program (NTP). While NTP does not ordinarily conduct research on criteria air pollutants, a coordinating role in this case is entirely appropriate in view of the health effects in question, namely cancers and tumors.

Selective Catalytic Reduction

The President's budget contains no sums for either the demonstration of Selective Catalytic Reduction (SCR) on boiler applications or on in-use diesel engines.

SCR has been widely employed in other industrialized nations--Japan, Germany, and Austria, to name but three--as well as on natural gas generating plants in California. Although it has been widely and extensively demonstrated in these other countries on coal-fired plants, some domestic utility representatives express doubt as to its applicability in the United States. If such doubts are well-founded, the Agency is encouraged to demonstrate the technology.

Also of importance is the need to continue development of SCR for in-use stationary diesel engines. Although the Agency has demonstrated between 67 and 98 percent NOx removal on a heavy duty diesel run for 4,000 hours, it is essential to demonstrate this technology in field conditions. Some State and local jurisdictions are extremely anxious to undertake such demonstrations, but require technical and financial assistance to do so. In many non-attainment areas, the application of SCR to stationary diesels could substantially reduce NOx emissions and hasten attainment of the primary standards.

Construction Grants

The Committee is recommending $2.4 billion for the Construction Grants program in FY88. This is the level authorized in the recently enacted Water Quality Act of 1987. The Act provides for $2.4 billion to States annually through FY91, then in declining amounts until Federal funding is completed in FY94.

The Committee further urges the Congress to act expeditiously to make available the additional $1.2 billion appropriated for this program in FY87 to enable the States to fund ongoing construction projects.

Superfund

The Committee recommends that $1.7 billion be made available for emergency response, remedial action and related activities and for the funding of the Agency for Toxic Substances and Disease Registry (ATSDR) under the Superfund Amendments and Reathorization Act of 1986 (SARA).

The Congress, with substantial personal input from the Administrator of the Environmental Protection Agency, enacted SARA in an effort to mitigate, if not eliminate, the adverse public health and environmental effects of sites contaminated with hazardous substances. The Congress provided a total of $8.5 billion over five years (or $1.7 billion per year) as a committment to the American people that this major national problem will be addressed. The Congress further provided that of the $8.5 billion, $7.25 billion was to be raised for the Fund through taxing mechanisms and the remaining $1.25 billion was to be provided through general revenues.

The original 1980 Superfund statute provided only $1.6 billion. Along with SARA's expansion of the fund comes a major expansion of the program itself. The Environmental Protection Agency (EPA) is expected to perform over eight hundred preliminary site assessments by January 1, 1988. Individual site evaluations may be necessary for many of these sites by October, 1990. The Agency is required to commence 650 remedial

investigations and feasibility studies (RI/FS) for the duration of SARA's authorization. In addition, EPA must, at a minimum, commence 375 remedial (cleanup) actions within five years according to new, stringent cleanup standards.

SARA also establishes a new, major health protection program which will require health assessments for Superfund sites and provide major new and independent responsibilities for the Agency for Toxic Substances and Disease Registry in the Public Health Service. Among other new requirements are a comprehensive Right-to- Know program, technical assistance grants, research and development programs to develop alternate treatment technologies, and worker training and education programs.

The President's budget assumes a FY 1988 program level of $1.6 billion, of which nearly $400 million would be a carry over from funds not spent of the $1.4113 billion which the Congress appropriated for FY 1987. By appropriating almost $300 million below the annual $1.7 billion average, the Congress already recognized that EPA required a year of start-up time to get the new program up to speed. During that year the Agency has been working to implement the program through regulation and otherwise. It has also been attempting to perfect its contracting mechanisms. No further slowdown of the program is acceptable.

The Agency should be in position to utilize the full annual average appropriation in FY 1988. Indeed, in testimony on EPA's budget before the Committee, the EPA Administrator stated that he thinks that the Superfund budget may require up to $9 billion over the five year reauthorization period. The Committee insists that the commitment to resolve the hazardous substance contamination problem made by the Congress and the Administration not be broken and that the Environmental Protection Agency be directed to utilize all of those FY 1987 funds which were appropriated to it.

The Committee also rejects the notion contained in the President's proposal that general revenue funds not be utilized in accomplishing the goals and requirements of the Act. Failing to appropriate the general revenue fund authorization would reduce the program by $1.25 billion (or approximately 15%) over five years, making it not an $8.5 billion program as enacted, but rather a $7.25 billion program. That breaks faith with the American people and will only add a greater burden to a future generation of Americans. Therefore, the Committee recommends that $250 million of the FY 1988 Superfund appropriation consist of general revenue funds.

Community Right- to- Know Program

Title III of SARA established a comprehensive, federal Community- Right- to Know program. The program consists of emergency planning measures designed to prevent accidental

chemical releases from occurring, and to assure effective response in the event of such accident. The program also requires facilities to report on their emissions into the environment. Title III requires a significant commitment of Agency resources and imposes rigorous deadlines for meeting a variety of large tasks, including collecting and disseminating information, performing complex rulemakings relating to the health and environmental effects of large numbers of substances, processing petitions relating to such covered substances, developing trade secret regulations, and studying ways to detect and prevent extremely hazardous releases. As the testimony and responses of the Administrator before the Committee underscored, some uncertainty exists over the source of funding for the Right-to- Know program. Whether or not the Title III program is funded from the Superfund appropriation, the Committee is firm in its commitment to assuring the full funding of this important new effort, at least at the levels proposed by the Agency and the President's budget.

Agency for Toxic Substances and Disease Registry

Section 111(h) of SARA authorizes $50 million in FY88 to support the functions and activities of the Agency for Toxic Substances and Disease Registry (ATSDR). It is the intent of Congress that this money be appropriated directly to ATSDR. In preparation of subsequent budget requests, the ATSDR budget should not be subject to EPA review or amendment.

CORPS OF ENGINEERS

The Committee recommends a total program level for the Corps of Engineers of $3,596,000,000. This is $75 million above the Administration proposal, and $61 million above the Congressional Budget Office current services level.

The Administration has proposed a Fiscal Year 1988 budget for the Corps of Engineers which generally supports and reflects the agreements which were reached between the White House and the Congress with the enactment of P.L. 99-662, the Water Resource Development Act of 1986.

The Committee is concerned with the Administration's budget for the Corps in one major respect. The Water Resource Development Act of 1986 was more than a "cost-sharing and user-fee" bill. Water programs and project-related provisions in this legislation were intended to direct the Corps of Engineers toward a water resources development program more responsive to current needs and environmental sensitivities. None of these initiatives are supported in the Administration's proposed budget.

Examples of important provisions and programs in P.L. 99-662 which are not funded include: the environmental mitigation trust fund, dam safety matching grants to the States, dam safety research, development and training, river ice management and research, bank stabilization on the Missouri River, the Cross

Florida National Conservation Area, Chesapeake Bay shoreline repairs, the Bay of Fundy hydropower impact study, St. John's River, Maine demonstration project, the Clean Lakes program, the New York Barge Canal, the Great Lakes water levels and consumptive use studies, the New York Bight study, a program for the development of wetlands in the Lower Mississippi Valley, or the Louisiana shoreline erosion study. The Administration has programed only $4 million for activities outlined in the Upper Mississippi River Master Plan, which, together with the construction of the second lock chamber at Lock and Dam 26 form an integrated development and management plan for the Upper Mississippi River.

These initiatives are at the heart of a new Federal water resource development program which focuses on emerging regional issues, and which directs the activity of the Corps of Engineers into more environmentally progressive activities. As such, they deserve the highest priority attention of the Congress. Therefore, the Committee recommends that $75 million be added to the Administration budget for the purpose of carrying out these important programs.

The Committee is pleased to note that the enactment of policy reform legislation in the 99th Congress (P.L. 99-662) has removed much of the controversy which has characterized the debate over the Corps budget in the recent past. The

Administration's budget for the Corps fully implements the new cost sharing and user fee provisions of P.L.99-662.

Fuel taxes collected from barge operators and deposited into the Inland Waterway Trust Fund will provide one- half of the cost of constructing seven inland lock replacements. In FY 1988 these fees will infuse $38 million into the Corps program.

The ad valorum fee imposed by P.L. 99-662 on all cargo utilizing U.S. ports will provide 40% of the cost of maintaining all of the nation's channels and harbors. In FY 1988 this fee will provide approximately $149,000,000 to the Corps program for channel and harbor maintenance.

The proposed budget for the Corps of Engineers also includes funds for 71 new water projects throughout the country. These projects were initiated in FY 1987, or will be initiated in FY 1988. The application of the cost sharing principles in P.L. 99-662 will result in the contribution of approximately $250,000,000 by local project sponsors toward the construction of these projects in FY 1988 alone.

For years, critics of reform have maintained that the imposition of new cost sharing requirements would put an end to water resource development. Instead, the strong program of new construction starts reflected in the budget make it clear that

these new requirements are the cornerstone of a revitalized Corps program.

The Committee urges the Administration to proceed toward the implementation of the Water Resource Development Act to the fullest extent possible, and plans to conduct oversight hearings on the implementation of this important legislation later in this session of Congress.

FISH AND WILDLIFE SERVICE

Summary

The President's fiscal year 1988 budget request for appropriations to the U.S. Fish and Wildlife Service programs within the Committee's jurisdiction is $291,505,000, an 18 percent reduction of $62,075,000 from the appropriations enacted by Congress for the current fiscal year 1987. The proposed transfer of $25,000,000 from the Sport Fish Restoration Account to the Resource Management programs, which increases the appropriations request for fiscal year 1988 to $316,505,000, should not be accepted. In addition, the President's proposal to rescind $43,700,000 for the current fiscal year 1987 is fiscally and environmentally unsound and should not be accepted. The Committee recommendation for the Fish and Wildlife Service programs subject to appropriations (excluding land acquisition from the Land and Water Conservation Fund) is $379,000,000, which is the current services level for fiscal year 1988. The total fiscal year 1988 budget request for the Fish and Wildlife Service, excluding land acquisition but including an estimated $338,648,000 million from permanent accounts, under the President's proposal and under the Committee's recommendation is $630.2 million and $717.7 million, respectively.

Background

The U.S. Fish and Wildlife Service has principal responsibility and authority for migratory birds, threatened and endangered species, certain marine mammals, and lands controlled by the Service under the Migratory Bird Treaty Act, the Endangered Species Act, the National Wildlife Refuge System Administration Act, the Fish and Wildlife Coordination Act and other statutes within the Committee's jurisdiction. The Fish and Wildlife Service manages a National Wildlife Refuge System consisting of 440 refuges, waterfowl production areas in 150 counties, and 58 wildlife management areas totaling 90.5 million acres. The Service also operates 71 fish hatcheries, 4 fish technology centers, 10 fish health centers and a national training center.

Despite the Fish and Wildlife Service's increasing responsibilities to manage and protect fish and wildlife and their habitats under these statutes, the President's budget proposal would rescind $43.7 million for fiscal year 1987 and further reduce the amount of funds appropriated for fiscal year 1988 to approximately the fiscal year 1980 level. The Committee recommendation is to reject the proposed rescission of $43.7 million in fiscal year 1987. Postponement of endangered species recovery actions and refuge and hatchery rehabilitation, maintenance and construction is fiscally and environmentally unsound.

The Committee recommendation of $379,000,000 for the Fish and Wildlife Service programs subject to appropriation (excluding land acquisition) is $62,495,000 higher than the President's budget proposal. However, the

recommended funding level is only $22.6 million above the amount appropriated by Congress for fiscal year 1985, a 16 percent increase. When corrected for a projected increase in the cost of living from fiscal year 1985 through 1988 of 14 percent, the recommended funding level is only 2 percent above the fiscal year 1985 appropriation. The justification and allocation of the recommended funding for the Fish and Wildlife Service's programs for fiscal year 1988 is provided below.

Resource Management

The Resource Management category comprises the largest segment of the Fish and Wildlife Service budget. The fiscal year 1988 request for this category is $302.2 million, a decrease of $12.5 million from the amount appropriated for fiscal year 1987. However, the President's budget request for Resource Management includes $25 million from the Sport Fish Restoration Fund, an account which is solely within the jurisdiction of this Committee. We reject that proposed $25 million diversion in the strongest possible terms. The funds in the Sport Fish Restoration Account consist of excise taxes on fishing equipment and motorboat fuels which by law must be apportioned among the states to enhance sport fisheries management. Anglers and boaters strongly supported these taxes for that purpose. Any use of these tax receipts for other purposes contavenes congressional intent and our agreement with sportsmen and the states and, consequently, is unacceptable.

The Committee recommendation is to provide $343.4 million for Resource Management activities, which is $28.8 million above the fiscal year 1987 appropriation, $41.2 million above the President's fiscal year 1988 request, and $3.4 million above current services for fiscal year 1988.

Of that $28.8 million increase, it is recommended that the funding level for the endangered species program be raised by $10 million to $34.9 million. These additional funds should be used principally to enhance and expand present efforts to recover populations of threatened and endangered species to the point where those populations no longer require protection under the Endangered Species Act.

Additionally, the Committee recommendation is to provide $12 million for matching grants to the states under section 6 of the Endangered Species Act. This level is $7.7 million above the fiscal year 1987 appropriation and $12 million above the President's fiscal year 1988 request. The section 6 cooperative state grant program is a cost-effective mechanism to conserve endangered and threatened species because the states already have the physical facilities and personnel to undertake the necessary research and recovery actions.

The recommended levels for the Federal and state endangered species programs are consistent with the fiscal year 1988 level authorized in legislation (S. 725) amending the Endangered Species Act, which was approved by this Committee in the last Congress. The Committee will consider

legislation again this year to extend and amend the authorization to appropriate funds under the Endangered Species Act.

Of the remaining $11.1 million increase in Resource Management activities above the fiscal year 1987 appropriation, it is recommended that $1 million be added to the Cooperative Research Unit program to provide the $5.5 million needed for the Fish and Wildlife Service to provide full scientific staffing for the Florida, Louisiana, Maine, Minnesota, South Dakota, Virginia and other Units in fiscal year 1988.

The Committee recommendation is to increase the fiscal year 1987 appropriation by approximately $2 million to coordinate management, monitor populations and conduct research on the more than 700 migratory bird species which are neither ordinarily hunted nor are threatened or endangered. An additional $2 million above the fiscal year 1987 appropriation also is recommended to increase the Fish and Wildlife Service's monitoring, research and remedial activities directed toward the effects of contaminants on fish and wildlife resources. It is further recommended that the fiscal year 1987 appropriation be increased by $4 million to implement the Fish and Wildlife Conservation Act of 1980 (P.L. 96-366). The authorization to appropriate funds under this Act to assist states in developing comprehensive plans for the conservation of fish and wildlife was extended by this Committee last year.

Finally, the remaining funding increase for fiscal year 1988 should be used to conduct research on wintering waterfowl needs and coastal wetlands

losses, to implement the conservation provisions of the Food Security Act of 1985 (P.L. 99-198), and to develop fishery management plans for the 140 National Wildlife Refuges which are in need of fishery management plans.

Construction and Anadromous Fish

The Committee recommendation for Construction and Anadromous Fish in fiscal year 1988 is $20.8 million, which is $5.2 million below the current services level and $12.1 million above the President's request. Of the $20.8 million, it is recommended that $16.8 million be provided for construction. In addition to the projects identified in the Fish and Wildlife Service's budget request, particular attention should be paid to projects at Minnesota Valley and Cape Charles National Wildlife Refuges and at anadromous fish hatcheries in New England. The remaining $4 million recommended for this category should be made available under the Anadromous Fish Conservation Act to assist states with anadromous fish programs on the East, Gulf and West Coasts and to continue funding under section 7 of that Act to continue research on the causes of the decline in striped bass.

Land Acquisition

Because the Committee has jurisdiction over legislation authorizing establishment of National Wildlife Refuges and acquisition of endangered species habitats and wetlands, the following views are offered on

appropriations for land acquisition by the Fish and Wildlife Service. The President's budget request proposes to rescind $26.8 million for land acquisition in fiscal year 1987 and proposes no new funding for acquisition of lands in fiscal year 1988, a decrease of $40.8 million from the fiscal year 1987 spending level. It is recommended that the land acquisition rescissions proposed for fiscal year 1987 be rejected and that acquisition in fiscal year 1988 to complete refuges and protect endangered and threatened species be continued at approximately the current services spending level. It is further recommended that additional funding be made available from the Land and Water Conservation Fund for acquisition of wetlands pursuant to the Emergency Wetlands Resources Act (P.L. 99-645).

Migratory Bird Conservation Account — Advance

Approximately $3.6 million remains available for appropriation to the Migratory Bird Conservation (Duck Stamp) Fund for wetlands acquisition under the Wetlands Loan Act. The President's budget does not request appropriation of any of these funds for fiscal year 1988. In fiscal year 1987, $7 million was provided. It is recommended that all of the remaining Wetlands Loan Act funds ($3.6 million) be advanced through appropriation, a decrease from the current services level of $3.4 million. The current rate of wetlands destruction and land price increase requires that we continue our wetland acquisition efforts.

National Wildlife Refuge Fund

Payments to counties containing Fish and Wildlife Service lands will total $10.2 million in the President's budget proposal for fiscal year 1988. Of this amount, $5.6 million is requested in appropriations and $4.6 million is available for obligation in net receipts from sale of timber, oil, gas, minerals, fur and grazing privileges. The President's appropriation request is $1.3 million above the anticipated fiscal year 1987 spending level.

The $10.2 million requested, however, will provide only 52 percent of the amount that the Fish and Wildlife Service is required to provide to the counties under the Refuge Revenue Sharing Act. Failure to provide full payment to counties has impeded Fish and Wildlife Service efforts to protect important migratory bird habitat in the prairie pothole region in the north central U.S. and deprives counties of the revenues to which they are entitled. Therefore, it is recommended that an additional $5.2 million be provided for payments to counties in fiscal year 1988. This increase in the Fish and Wildlife Service's appropriated payments to counties will provide 100 percent of the full payment due to counties.

Permanent Accounts

The President's budget request for fiscal year 1987 estimates that approximately $338.7 million will be available from permanent accounts, $48.4 million more than for fiscal year 1987. The request, however, as noted

earlier, proposes legislation to divert $25 million from the states' Sport Fish Restoration Account to Federal programs within the Fish and Wildlife Service's Resource Management activities. Again, this proposed diversion would be a breach of faith with sportsmen and the states and should be rejected.

NUCLEAR REGULATORY COMMISISON

The Committee recommends $427.8 million for salaries and expenses of the Nuclear Regulatory Commission (NRC) for fiscal year 1988. This is the level of funding that the Commission originally requested from the Office of Management and Budget, that the Administration subsequently approved, and that the Commission has now requested from Congress. This request and recommendation represents an increase from the $401 appropriated to the Commission in fiscal year 1987 and a $0.8 million increase in current services.

The Committee recognizes the need to maximize efficiencies and economies from limited budgetary resources. The Committee believes, however, that these efficiencies and economies should not be achieved at the expense of programs that are vital to assuring that there is adequate protection for the public health and safety. The oral and written testimony before the Committee indicates that the requested funding level, although an increase from last year's appropriated level, is necessary and sufficient to provide the Commission with adequate resources to carry out its responsibility to protect the public health and safety.

Among the programs of particular interest, the NRC has important responsibilities under the Nuclear Waste Policy Act of 1982 (NWPA) regarding the storage, transportation, and disposal of spent nuclear fuel and high-level radioactive waste. The NRC

must have the proper technical capabilities to provide comments to the Department of Energy on various aspects of the Department's program, to perform independent research on proper methods for the disposal, storage, and transportation of these materials, and to review license applications for transportation casks and facilities designed for the storage or permanent disposal of high-level waste. The Committee's recommended funding level should provide the Commission with adequate financial resources and personnel to meet these obligations in a timely manner.

The Commission also has the responsibility under the Low-Level Radioactive Waste Policy Amendments Act of 1985 to provide technical and licensing guidance for States that are developing new disposal facilities for low-level waste. It is extremely important for both the States and the NRC to meet the milestones set forth in this Act. The recommended budget should provide the Commission with the resources necessary for the NRC to meet its responsibilities under the Act in a timely manner.

This year's budget request is intended to reflect the transition in the main activities of the NRC from licensing new plants to monitoring the existing ones. Presently there are 107 plants licensed to operate, 18 plants under construction, and no applications for construction permits.

The Committee is interested in ensuring that the NRC reserach program consistently and efficiently contributes valuable information regarding the current state of nuclear safety. The NRC's proposed increase in funding for this research program in fiscal year 1988 should provide the Commission with the financial resources necessary to reverse the sharp reductions in the research budget that occurred over the past several years and thereby restore some of the capabilities of the NRC's research program.

The Committee will be closely monitoring the research program in particular with respect to the results of the increase in funding and of the NRC's internal staff reorganization. The Commission has testified that this reorganization will result in a research program that will be more coherent and better organized. It is crucial to nuclear safety and the future of the NRC's research program that the reorganization and the increased funding achieve their objectives.

The Administration has proposed that the NRC recover 50% of its budget from "user fees" to be assessed against the nuclear power plants that are licensed by NRC. The Committee is studying this proposal, but at this time is making no recommendation on the proposed increase.

Presently, the Commission is authorized under section 7601 of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of

1985 (P.L. 99-272, 1986) to collect 33% of its budget from user fees. Pursuant to this authorization and the direction provided to the Commission in the legislative history of this provision, the NRC has promulgated regulations to collect such an amount of fees. These regulations provide that each power reactor is to pay approximately $950,000 per year.

A number of licensees have filed suit challenging NRC's regulations implementing section 7601 of the 1985 COBRA. The Committee is interested in the outcome of this litigation, since it may determine the ability of the Commission to collect any user fees under current law. Clearly, any consideration of additional user fees must take into account the validity of the present fees. The Committee thus will be following this issue closely.

The Committee also is interested in the extent to which the NRC may recover some or all of its costs associated with its responsibilities under the NWPA. The NWPA established the Nuclear Waste Fund to pay for all of the Department of Energy's expenses associated with the implementation of its program to find geologic repositories for spent fuel and high-level nuclear waste. The Nuclear Waste Fund is funded through a 1 mil per kilowatt-hour fee on electricity generated by commercial nuclear power plants and on a one-time assessment upon the Department of Energy for high-level waste generated in its defense programs. The principle underlying the Nuclear Waste Fund is that the

beneficiaries of the activities generating nuclear waste should bear the costs of activities associated with the proper disposal of that waste.

The principle that the beneficiaries of waste generating activities should contribute to pay to costs of the activities necessary to properly dispose of the waste would appear to apply regardless of the person or agency incurring such costs. The Committee therefore is exploring the extent to which the NRC, in addition to DOE, should be able to recover its costs from the Nuclear Waste Fund or in some other manner.

The Commission has testified that the Department of Justice has advised the Office of Management and Budget that the Commission has the authority under the NWPA to collect its expenses from the Department of Energy. The Committee intends to closely examine the Justice Department's analysis and the Commission's and DOE's responses.

It is important to ensure that cost recovery by NRC for its high-level waste expenses will not compromise the NRC's independent role in the high-level waste program. DOE will eventually be submitting to NRC a license application for a permanent repository for high-level waste. Any cost recovery structure must provide this independence.

In addition to closely following the NRC's implementation of the NWPA, the Committee expects to continue its oversight of the Department of Energy's implementation of the high-level waste program. This program is necessary to ensure that the public health and safety and the environment is adequately protected from the hazardous properties of highly radioactive materials. The Committee anticipates further interaction with the Department of Energy with respect to this important program. Through this interaction the Committee will be providing the Department with direction and guidance for its implementation of this program.

TENNESSEE VALLEY AUTHORITY

The Committee recommends $106 million for fiscal year 1988 for the appropriated programs of the Tennessee Valley Authority (TVA). This represents the Congressional Budget Office's estimate of the amount necessary to provide a current services budget from fiscal year 1987. The Administration's request is for $72.8 million for fiscal year 1988.

The Committee on Environment and Public Works has consistently supported the programs of the TVA that benefit both the Tennessee Valley region and the entire nation. TVA's natural resources program includes activities aimed at flood control, preservation of natural resources and wildlife, groundwater protection, non-point source water pollution control, water quality control, and acid deposition studies and monitoring. These programs have nationwide application.

Accordingly, the Committee is recommending a funding level of $106 million.

GENERAL SERVICES ADMINISTRATION

The General Services Administration requests obligational authority in the amount of $2.935 billion in 1988 for the public buildings activities of the Public Buildings Service. This request represents an increase of $549 million over the 1987 level of $2.386 billion, or an increase of 23 percent in 1988, which contrasts sharply with the programs and budgets of numerous other agencies that fare less well.

Ironically, this multibillion dollar budget receives little attention each year in the congressional budget process. The activities of the program are funded through rent-like user fees levied on individual agencies that occupy space provided by GSA. Hence, budget authority for the program is dispersed in the administrative budgets of the numerous agencies. It is spread across every function of the budget and contained within each appropriation act. While these charges are minor items in the administrative budgets of each of the Federal agencies and therefore attract relatively little attention or scrutiny, in aggregate they approach $3 billion.

The Committee on Environment and Public Works has long supported legislation to require direct appropriations for the Public Buildings Service of GSA in much the same fashion required of most other Federal agencies. In past Congresses, the

Committee has reported and the Senate has passed legislation to do so, but it has not been enacted into law. Until then, budget authority will be scattered--not only in every appropriation act but also in every authorizing committee with jurisdiction over agencies that are housed by GSA.

COUNCIL ON ENVIRONMENTAL QUALITY

The budget request for the Council on Environmental Quality is $862,000 for FY88 compared to the FY87 appropriated level of $800,000. The increase is proposed to offset the cost associated with salary increases and building expenses. The Committee recommends that the Council be funded at the proposed level.

The Environmental Quality Improvement Act authorization lapsed last year. The Committee anticipates conducting oversight of the Council in preparation for reauthorization of the Act.

DISASTER RELIEF

The Federal Emergency Management Agency is requesting $125 million to fund activities under the Disaster Relief Act. This assumes a carrover of $104 million from FY87 and recovery of $20 million from prior year obligations for a total budget authority of $249 million. The Committee concurs with and recommends this level of funding.

The number and severity of disasters enabling states and localities to qualify for assistance under the Disaster Relief Act are impossible to predict. Therefore funding requests are based on historical data and are estimates of the demands that may be placed on the disaster relief fund. The Federal Emergency Management Agency is exploring several options to enable states to prepare for and manage disasters, reducing federal costs.

Budget Proposals to Save $1.1 Billion in 1988
(Proposed by Senators Stafford, Chafee Simpson and Durenberger)

	1987 Appropriation	Proposal for 1988	Difference (1987-88)
		(in millions of dollars)	
EPA Operating Programs	$1,494	$1,650	$ + 156
EPA Fees	0	- 50	- 50
Construction Grants	2,400	2,400	0
Superfund	1,411	1,700	+ 289
Underground Tank Fund*	50	75	- 47
Federal Highways**	13,000	12,350	- 650
Federal Highways***	922	800	- 122
Fish & Wildlife Service	355	355	0
Corps of Engineers	3,136	2,886	- 250
NRC	401	428	+ 27
NRC Fees	- 100	-200	- 100
TVA****	100	72	- 100
EDA	189	0	- 189
ARC	105	34	- 71
CEQ	0.8	0.9	0
			$-1,107 Savings from 1987 levels

* savings result from an increasing balance in trust fund
** highway spending within obligation ceiling only
*** projected highway spending outside ceiling
**** increase payback on debt by approximately $75 million yearly

Additional Views to the Environment and Public Works Committee
Budget Proposal for Fiscal Year 1988
(Proposed by Senators Stafford, Chafee, Simpson, Durenberger)

EPA Operating Programs

The operating budget of the Environmental Protection Agency includes the various media programs authorized by the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Safe Drinking Water Act, TSCA, FIFRA and other statutes. Major elements of this budget are salaries and expenses, research and development, abatement, and state grants.

After steep reductions in the early 1980s, the operating budget has to some extent been restored in the past few years.

For FY 1987 the Congress appropriated $1.494 billion which was $70 million more than the previous year. This amount included $50 million for the asbestos-in-schools abatement program which the President now proposes to rescind. Since it is unlikely that the Congress will approve the rescission that money will be available for distribution March 15.

For FY 1988 the President is proposing $1.489 billion, just $5 million less than Congress appropriated last year. However, this amount covers an 18% rent increase and a new charge of $44 million for Federal Employee Retirement so each of the media programs (with the exception of drinking water and pesticides) has seen a substantial reduction. In addition, the Congress has recently adopted amendments to the Clean Water Act, the Safe Drinking Water Act and Superfund which will impose significant new duties on the Agency. The drinking water needs are reflected in the President's request. Mr. Thomas indicated in testimony to the Committee that he will propose a supplemental for Clean Water by the end of March, although that does not mean that a supplemental proposal will be transmitted to the Congress.

The Agency asked the President for $1.651 billion for FY 1988. The OMB passback provided only $1.320 billion. If one takes the 1981 appropriation and projects it out through 1988 in dollars sufficient to offset inflation, the Agency would require $1.702 billion to keep pace with 1981 commitments.

Our alternative proposal recommends an appropriation for the EPA operating budget of $1.650 billion for 1988. This is the same amount which the Agency requested in its budget submission

and will allow EPA to aggressively implement the new programs which the Congress has authorized. This is the same as the Environment and Public Works Committee proposal.

Construction Grants

The Water Quality Act of 1987 reauthorized the wastewater treatment construction grants program with a gradual phase-out and conversion to a revolving fund. The authorized level for the program in the early years is $2.4 billion annually.

In 1986 only $1.8 billion was actually made available to the States for this program due to the delay in reauthorization. For 1987, $1.2 billion was made available in the Continuing Resolution with an additional $1.2 billion earmarked for appropriation, when the reauthorization process was completed. It is expected that the Congress will enact a supplemental this spring making the full $2.4 billion available for distribution in 1987. Although the President has not firmed up his request, it appears that he may submit a supplemental for $800 million in 1987.

The President has requested an appropriation of $2 billion for this purpose in FY 1988. That request was reflected in S. 76, the water renewal bill the Administration proposed.

Our alternative proposal recommends an appropriation of $2.4 billion for 1988 which is the level authorized in the recently enacted Water Quality Act of 1987. This is the same as the Environment and Public Works Committee proposal.

Superfund

The Superfund Amendments of 1986 authorized a five-year $8.5 billion program which included the 1986 fiscal year.

The program is financed by a tax on petroleum (8.2 cents per barrel domestic, 11.7 cents per barrel imported), a tax on chemical feedstocks (from $4.87 to $10.13 per ton) and a corporate minimum tax (.12 percent of alternative minimum taxable income in excess of $2 million). These taxes are projected to raise $713 million in FY 1987 and $1.136 billion in FY 1988.

In addition the Congress authorized an appropriation of $250 million each year from the general fund to be deposited in the Hazardous Substance Response Fund.

The appropriation for FY 1987 combined funds from both 1986 (which had largely not been spent due to the slowness of

reauthorization) and 1987. The total appropriation was $1,411,300,000 for the two-year period.

The 1988 budget submission indicates that EPA plans to spend only $1.148 billion in 1987 and will carry over $378.6 million to 1988. The President requests new budget authority of $1.2 billion for Superfund in 1988 which along with the carry over funds will provide a total of $1.578 billion in 1988 spending. In testimony before the Committee Mr. Thomas indicated that this was all that the Agency could reasonably spend in 1988.

In the outyears, 1989 and 1990, the President's budget indicates requests of $1.3 billion and $1.5 billion, respectively.

The OMB passback to EPA indicates that the Administration will oppose any appropriation from the general fund to support Superfund. It is not possible to reach the five-year target of $8.5 billion without a general revenue appropriation.

Our alternative proposal recommends a 1988 appropriation of $1.7 billion which is precisely one-fifth of the five year authorized amount and will assure that general funds are committed to the program in each year, rather than after the taxes have been exhausted. This is the same as the Environment and Public Works Committee proposal.

Leaking Underground Storage Tanks

In the Superfund Amendments of 1986 the Congress enacted a new program to clean up leaks from underground petroleum storage tanks. The program was authorized at a level of $500 million over a five-year period. It is funded by an increase in the gasoline motor fuels tax of 0.1 cents per gallon which went into effect on January 1, 1987.

It is estimated that the tax will raise $88 million in FY 1987 (it is in effect for only part of the year) and $130 million in FY 1988.

At EPA's request a $50 million appropriation for this program was made in the 1987 Continuing Resolution. That money is now available, but will not be distributed to the States for response actions until after May 1, 1987.

The President's budget request for 1988 proposes that only $25 million of the existing appropriation be spent in 1987 and that the other $25 million be carried over until 1988 with no new appropriation. When questioned about this proposal at the Committee's budget hearing, Mr. Thomas indicated that he would

not have a firm idea for the needs of this program until the summer of 1987 and at that time, he would revise the 1988 request to reflect an appropriate spending level in that year. He apparently intends to spend more than the $25 million carry over, but is not prepared to give a specific target at this time.

Our alternative proposal recommends an appropriation of $75 million for the leaking underground storage tank response program in 1988. Even at this rate of outlay, the unexpended balance in the trust fund for this program will increase. This proposal is $25 million less than the Environment and Public Works Committee proposal.

Nuclear Regulatory Commission

The annual appropriation for NRC has declined slightly over each of the last several years to a level of about $400 million. The FY 1987 appropriation for the Agency was $401 million.

For 1988 the NRC requested and the President proposed an increase of $26.8 million which would take the budget total to $427.8 million.

Over the last three years savings in the NRC program have focused on fees to be recovered from the regulated facilities. In the reconciliation process for 1985, the House proposed that 100% of NRC appropriation be recovered through fees. The conference settled on 33% of costs which would be approximately $133 million annually. Although the House included fee increases in the 1986 reconciliation legislation, no agreement was reached in conference and the 1985 mandate for 33% remains in place.

NRC indicated in budget hearings this year that it expected to raise approximately $1 million from each commercial power reactor during the 1987 fiscal year which would provide about $100 million in actual revenue.

For 1988 the President is proposing that the NRC recover 50% of its budget from fees and estimates that such a requirement would increase revenues by $100 million over 1987.

Our alternative proposal recommends that the appropriation for NRC be increased to $427.8 million in 1988 and that the cap on fees which is currently at 33% be raised. At this point the target for additional fee revenue in 1988 is $100 million, although that amount may be offset by savings in other programs. The Environment and Public Works Committee proposal has no specific provision for NRC fees.

Fish and Wildlife Service

In FY 1987 the Congress appropriated $355.4 million (excluding dedicated trust funds and land acquisition). The President's 1988 budget request includes a substantial rescission of funds for 1987 and new budget authority of only $293.2 million.

Our alternative proposal for 1988 would provide appropriations of $355.4 million for the Fish and Wildlife Service (same as the 1987 amount) and substantial increases in outlays from the dedicated funds (which are supported by offsetting receipts and would thus have no effect on the deficit). This is $24 million less than the Environment and Public Works Committee proposal.

Council on Environmental Quality

This program had a 1987 appropriation of $800,000. The Council and its staff implement the NEPA environmental impact statement requirement, publish an annual environmental quality assessment and mediate environmental disputes between Federal agencies.

The President has requested a modest increase in the CEQ budget for 1988 to $862,000 which is in both the alternative and the Committee proposal.

Federal Highway Administration

The Federal-aid highway appropriation is largely controlled by an obligation ceiling which limits the amount of spending in each year regardless of the authorized levels and revenues to the trust fund.

In 1987 the obligation ceiling was set by the Appropriations Committee in the Continuing Resolution at $13.0 billion. Because a new highway authorization bill has not yet been enacted, FHA now estimates that 1987 obligations may be only $11.8 billion, but they will likely climb back toward the full amount once the bill is passed.

For 1988 the President is proposing an obligation limitation of $12.787 billion.

S. 387 which has been adopted by the Senate provides an obligation ceiling quite a bit lower than the President's proposal. That bill includes a ceiling of $12.350 billion.

In addition to spending under the ceiling certain items traditionally fall outside the ceiling. In 1987 spending outside the ceiling (for minimum allocation and emergency relief,

principally) is projected at $922 million. There are various projections of the 1988 figures for these two programs, but FHA is currently estimating the Senate bill, S. 387, at approximately $800 million outside the ceiling amount.

Our alternative budget proposal provides for an obligation ceiling of $12.350 billion in 1988 as the Senate adopted in S. 387 with an estimate of the outside ceiling expenditures of $800 million. This is the same as the Environment and Public Works Committee proposal.

Corps of Engineers

As a result of new construction starts the budget for the Corps of Engineers has been accelerating rapidly over the past few years. In 1987 the Congress appropriated $3.117 billion for the Corps (net of offsetting receipts). The President's request for 1988 includes another substantial increase in the Corps budget.

Our budget proposal would include a savings of $250 million in 1988 as against the 1987 appropriation. With spending of $2.884 billion, this budget would remain substantially above the amount spent in FY 86, the year just ended and would provide adequate support for the many urgent flood control and navigation projects which were recently authorized. This proposal is $712 million less than the Environment and Public Works Committee proposal.

General Services Administration

The General Services Administration requests obligational authority in the amount of $2.935 billion in 1988 for the public buildings activities of the Public Buildings Service. This request represents an increase of 23 percent in 1988, which contrasts sharply with the programs and budgets of numerous other agencies that fare less well.

Ironically, this multibillion dollar budget receives little attention each year in the congressional budget process. The activities of the program are funded through rent-like user fees levied on individual agencies that occupy space provided by GSA. Hence, budget authority for the program is dispersed in the administrative budgets of the numerous agencies. It is spread across every function of the budget and contained within each appropriation act. While these charges are minor items in the administrative budgets of each of the Federal agencies and therefore attract relatively little attention or scrutiny, in aggregate they approach $3 billion.

The Committee on Environment and Public Works has long supported legislation to require direct appropriations for the Public Buildings Service of GSA in much the same fashion required of most other Federal agencies. In past Congresses, the Committee has reported and the Senate has passed legislation to do so, but it has not been enacted into law. Until then, budget authority will be scattered--not only in every appropriation act but also in every authorizing committee with jurisdiction over agencies that are housed by GSA.

Our alternative proposal is not seeking savings as against the 1987 appropriated amounts, since they would be reflected in the budgets for each of the agencies and not in the GSA account. Nevertheless, there are possible savings as against the President's requested increase which should be explored.

Tennessee Valley Authority

In addition to its power programs, TVA receives direct appropriations from the Federal government for natural resource and economic development efforts. In 1987 the appropriations for these purposes was $100 million. For FY 1988, the President is proposing a reduction of $28 million for a total of $72 million in appropriated funds.

In addition to the appropriated accounts, TVA also has an outstanding debt with the Federal government of approximately $550 million. This is not simply borrowing authority through the Federal Financing Bank, but direct obligations to the United States Treasury. TVA is currently repaying that debt at a rate of about $20 million per year, plus interest. It appears that the repayment rate could be substantially increased (to approximately $100 million per year) without significantly affecting the electric rates for TVA consumers which are already the second lowest in the Nation.

Our alternative proposal recommends that the appropriation for TVA for 1988 be $72 million as the President has recommended. In addition, the proposal provides for an acceleration of repayment of TVA's debt by approximately $75 million per year for a total savings of $100 million. This appropriation proposal is $34 million less than the Environment and Public Works Committee proposal; the Environment and Public Works Committee proposal provides for no repayment acceleration.

Economic Development Administration

For FY 1987 the Congress appropriated $189 million for the Economic Development Administration. The President's budget for FY 1988 proposes to rescind $169 million of the 1987

appropriation and to terminate the program altogether in the first quarter of 1988.

Our alternative proposal recommends that EDA be phased out in the first quarter of 1988 as the President proposes. Staff of EDA would be transferred to the Secretary's office and outlays for the program would continue during a period of program completion, but no new budget authority would be provided. The Environment and Public Works Committee proposal makes no recommendation for EDA.

Appalachian Regional Commission

For FY 1987 the Congress appropriated $105 million to implement the programs of ARC. For 1988 the President is proposing that the program be terminated and that $31 million of the 1987 appropriation be rescinded. The Governors of the Appalachian Region have requested $319 million for the 1988 program.

Of the amounts appropriated for 1987, $67.3 million was set aside for highways and $32.6 million was made available for area development programs.

Our alternative proposal recommends that the highway programs of ARC be folded into the highway programs of DOT and that only the economic development efforts of the Commission be continued. The proposal includes $34 million for this purpose in 1988. The Environment and Public Works Committee proposal makes no recommendation for ARC.